

Highlights of the Federal Pell Grant Program

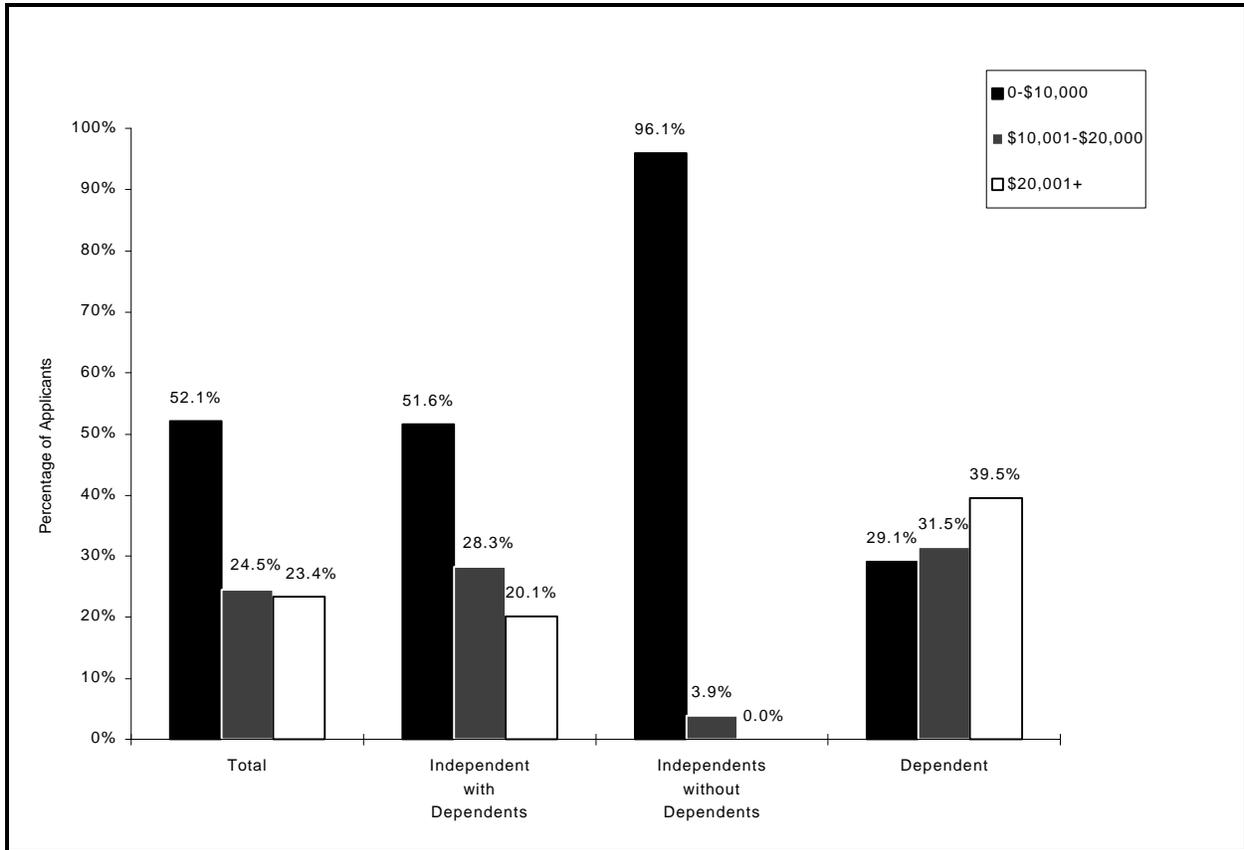


Figure 1: Family Income of Title IV Applicants

This chapter highlights key 1994-95 Federal Pell Grant Program Statistics. Exhibit 1 features some of the most notable changes in 1994-95 illustrated by various tables throughout the End-of-Year Report. The section concludes with a discussion of Table 1, which compares applicant, recipient, and expenditure data from the Federal Pell Grant Program's inception in 1973-74 through the present cycle, 1994-95.

Applicant Summary

In the 1994-95 award year, 8,969,646 students, or more than half of all undergraduate students, applied for Title IV aid. (According to the National Center for Education Statistics, undergraduate enrollment in the Fall of 1994 was projected to be 14.5 million.) This represents a 2.3 percent increase over the number of applicants in 1993-1994, and combined with previous cycles, constituted a 62.7 percent increase since 1984-85.

Of the students who applied for a Federal Pell Grant in 1994-95, 54.7 percent are eligible to receive a grant. More than one third (32.1 percent) did not qualify to receive a grant and the status of the remaining 2.6 percent could not be determined because they provided insufficient information on the application and did not complete application processing.

Recipient Summary

Several changes came about as a result of the enactment of the 1992 Amendment to the Higher Education Act. Most notably, changes were implemented regarding the criteria and eligibility of independent students. Married and/or graduate or professional students are automatically considered independent. In addition, a student is no longer considered to be independent solely on the basis of having received \$4,000 in resources for 2 years. Also, the need analysis formulae were divided into

two classifications of independents: independent with dependents other than a spouse, and independents without dependents other than a spouse with significant higher expected contributions from the latter group. This latter group experienced a decrease in eligibility rates under the new rules.

Consistent with the intent of the Federal Pell Grant Program, the data show that grants are directed towards the lowest income students. As shown in Figure 1, 52.1 percent applicants reporting income of less than \$10,000 are eligible to receive a Federal Pell Grant; in comparison only 23.4 percent of those reporting income greater than \$20,000 are eligible to receive a grant.

Most recipients are in the lower income ranges. Figure 2 shows that almost two-thirds (63.8 percent) of all recipients report family income of less than \$15,001. Independents are more numerous in the lower income ranges than dependents. More than 62.6 percent of all independents report family income of \$9,000 or less compared to only 25.0 percent of dependent recipients. Likewise, 39.7 percent of dependents report family income greater than \$20,000 while only 13.8 percent of independents report income in this range.

The average family income for the total recipient population decreased 0.9 percent from \$12,997 in 1993-94 to \$12,875 in 1994-95. Average income for independents in 1994-95 remained relatively unchanged at \$9,539 (compared to \$9,538 in 1993-94). Dependents experienced a slight decrease (1.5 percent) in average family income from \$18,016 in 1993-94 to \$17,746 in 1994-95.

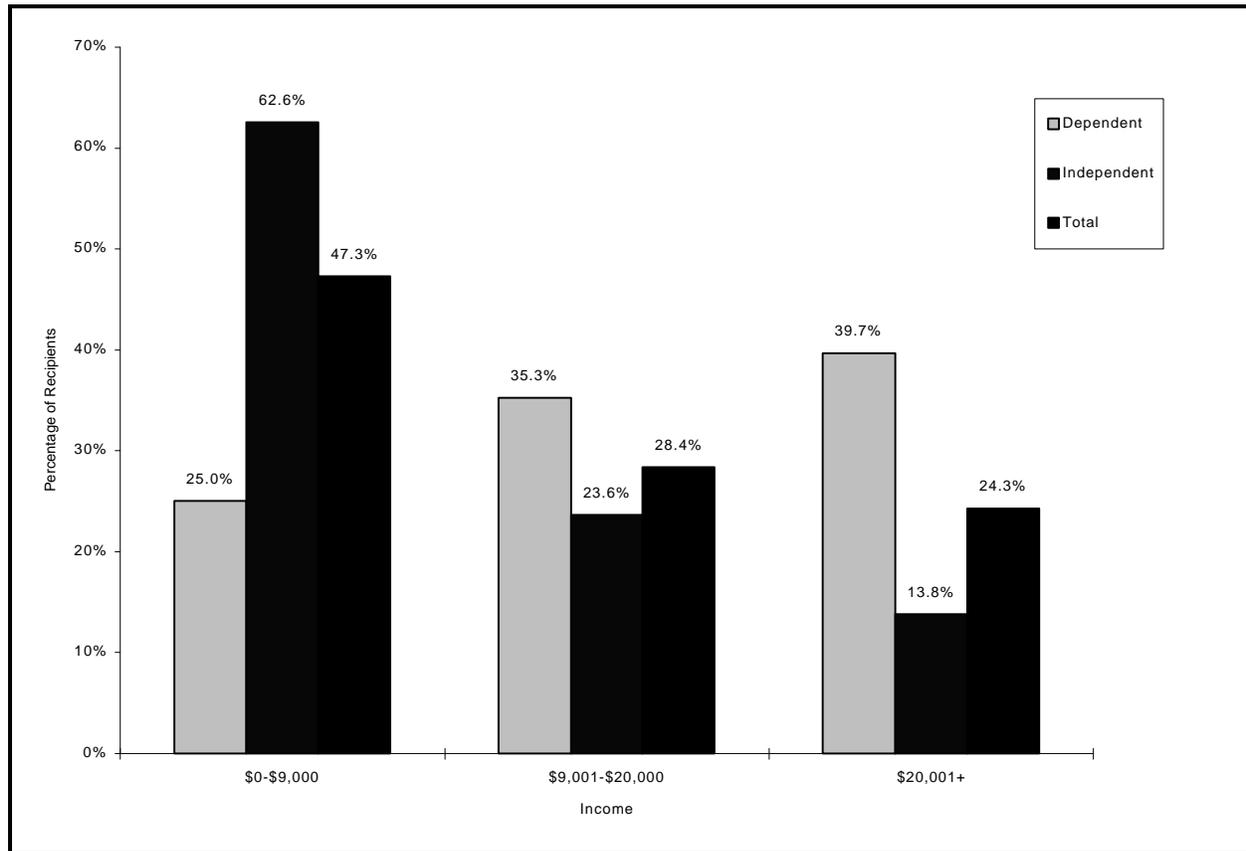


Figure 2: Family Income of Federal Pell Grant Recipients

Most 1994-95 recipients reported few available assets. More than nine out of ten (94.0 percent) recipients have net assets of less than \$7,500. Ninety-eight percent of independent recipients had less than \$7,500 in net assets compared to 87.7 percent of dependent recipients.

Expenditure Summary

The average grant for Federal Pell Grant recipients remained about the same, with a 0.3 percent decrease from \$1,506 in 1993-94 to \$1,502 in 1994-95, even though the maximum grant remained unchanged at \$2,300. Total expenditures for the 1994-95 cycle is \$5.5 billion dollars (a 2.4 percent decrease from 1993-94).

Institutional Characteristics

In 1994-95, 6,333 institutions participated in the Federal Pell Grant Program. Four out of ten (40.2 percent) institutions participating in the program are proprietary schools. Public 2-year schools are next in number, representing 24.1 percent of the total. Private 4-year institutions account for 18.3 percent of all schools, followed by 8.7 percent for public 4-year and 8.1 percent for private 2-year schools.

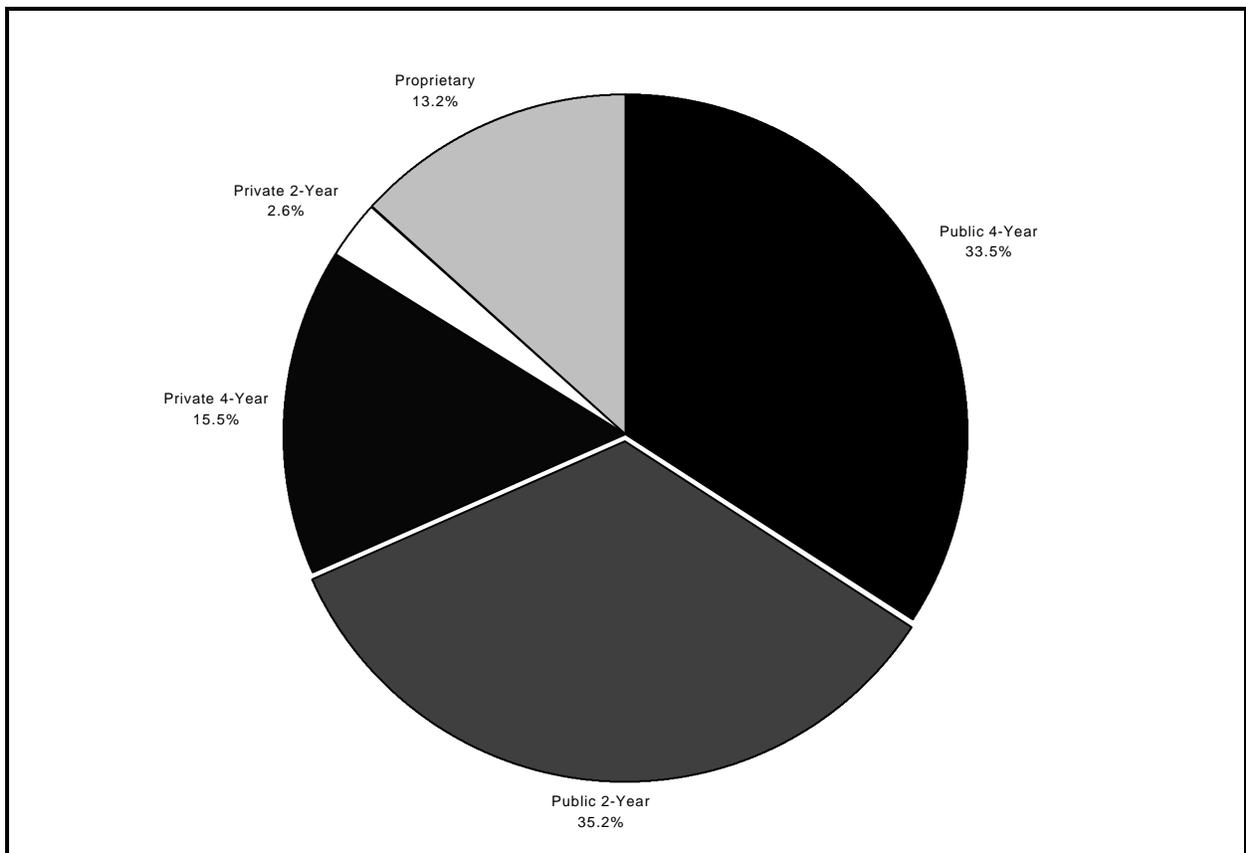


Figure 3: Federal Pell Grant Recipients by Type and Control of Institution

Enrollment of Federal Pell Grant recipients vary by type and control of school (Figure 3). Although fewer in number, public 2-year and 4-year institutions enrolled 35.2 and 33.5 percent of all recipients, respectively. Private non-profit institutions enroll fewer recipients, with 4-year institutions accounting for 15.5 percent of recipients and private 2-year schools enrolling only 2.6 percent of all recipients. Proprietary institutions account for approximately 13.2 percent of Federal Pell Grant Recipients.

Application Source

In 1994-95 students can apply for aid using any one of four paper forms -- three Multiple Data Entry (MDE) forms and the Free Application for Federal Student Aid (FAFSA) -- or electronically via an initial application or a renewal application. The questions relating to Federal Student aid on each form are identical.

As shown in Figure 4, 56.4 percent of FAFSA filers qualified to receive a grant. In comparison, 52.3 percent of ACT filers, 42.5 percent of CSS filers, and 44.6 percent of PHEAA filers qualify. However, because some applicants who qualified did not enroll or do not otherwise qualify for a grant, the percentages of qualified recipients receiving grants are lower.

The remaining chapters will focus on a variety of aspects on the Federal Pell Grant population with special emphasis on income-related characteristics of applicants and recipients, educational costs, enrollment status, for each dependency status and institutional type.

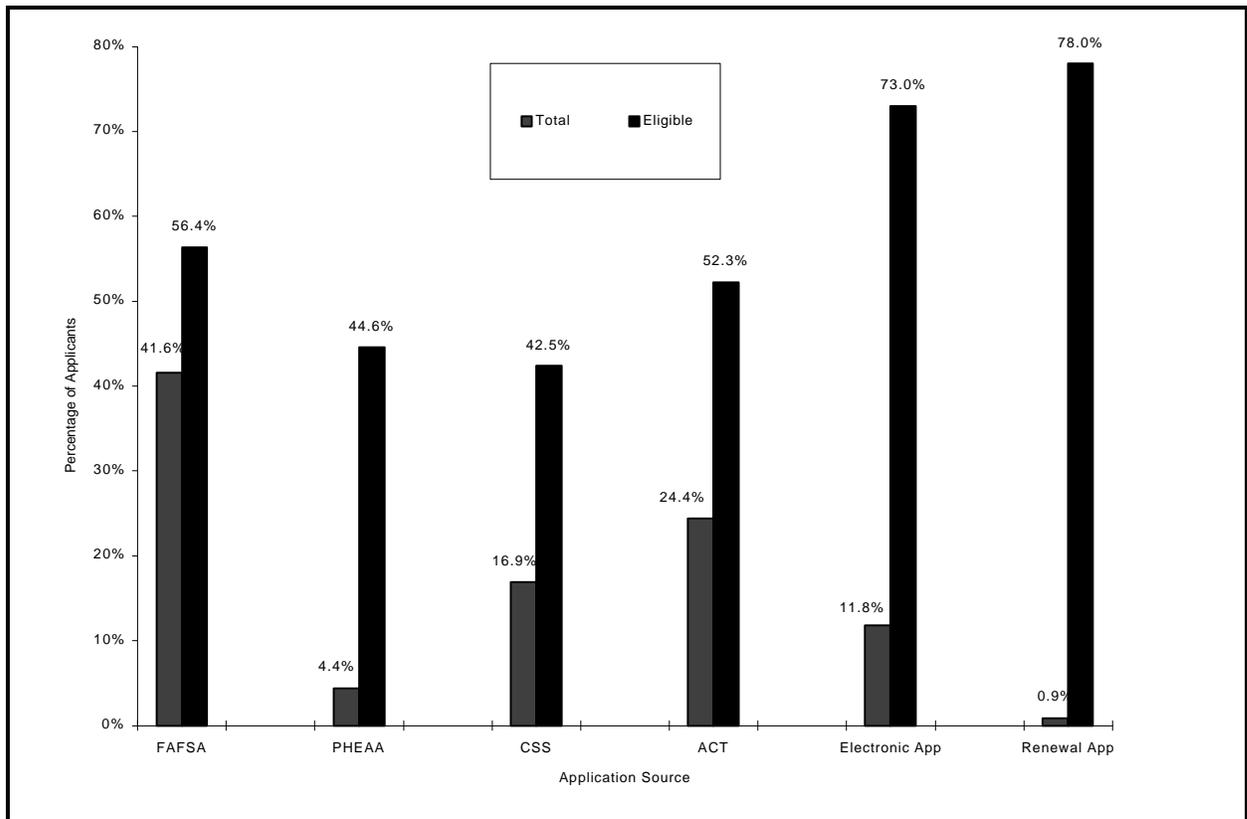


Figure 4: Title IV Applicants by Application Source

Exhibit 1

Summary of Selected Changes in the Pell Grant Program: 1993-94 to 1994-95

- P Applicants increased 2.3 percent from approximately 8.7 million to 8.9 million.
- P 2.4 percent decrease in recipients, from approximately 3.8 million to 3.7 million.
- P Average family income of recipients decreased 0.9 percent from \$12,997 to \$12,875.
- P Average educational cost for total recipients was \$8,955.
- P Slight decrease (0.3 percent) in the average Federal Pell Grant, from \$1,506 to \$1,502. The maximum allowable grant remained unchanged from 1993-94 at \$2,300.
- P Total Federal Pell Grant expenditures decreased 2.4 percent, from \$5.6 billion to \$5.5 billion.

